

For personal use only



COSMO METALS LIMITED
ABN 17 653 132 828

ANNUAL REPORT
30 JUNE 2022

Chairman's Letter	3
Corporate Directory	4
Directors' Report	5
Statement of Profit or Loss and Other Comprehensive Income	24
Statement of Financial Position	25
Statement of Changes in Equity	26
Statement of Cash Flows	27
Notes to the Financial Statements	28
Directors' Declaration	44
Auditor's Independence Declaration	45
Independent Auditor's Review Report	46
ASX Additional Shareholder Information	50

For personal use only

CHAIRMAN'S LETTER

Dear Fellow Shareholders,

On behalf of the Directors of Cosmo Metals it's a pleasure to present the Company's inaugural Annual Report to highlight what has been an exciting period for Cosmo.

It's only been a short time since Great Boulder Resources' (ASX:GBR) decided to demerge their highly prospective copper-nickel projects in the Yamarna Region of Western Australia and list them under the independent banner of Cosmo Metals.

Yamarna has been the site of one of the most spectacular gold discoveries in Australia in the past 10 years at the six million ounce Gruyere deposit, and we believe the geology and prospectivity of the region makes it ripe for a copper-nickel discovery, or two!

The prospectivity of the portfolio and the quality of the management led by MD James Merrillees, was recognized by Cosmo's well-supported \$5.1m capital raising and successful listing in January.

Since listing, the Company's exploration team have been busy on the ground following up results from an initial RC drill program at Mt Venn completed by Great Boulder in late 2021. This program intersected the widest and best-grade copper intersections drilled to date at Mt Venn and immediately vindicated the Company's exploration strategy.

The Company has now completed two more RC drill programs targeting Mt Venn to support resource studies, as well as testing high priority targets at the adjacent Eastern Mafic prospect. Results from these programs provide a strong platform for further discovery success.

The team has also undertaken the first ground geophysical programs at Winchester, Mt Venn and Eastern Mafic generating several exciting new targets planned to follow up in the coming months.

The granting of the Narragene (formerly Mt Venn North) tenement in February was an exciting development for the Company. Narragene covers a further eight kilometres of the Mt Venn mineralised horizon, where we have the best historical copper-nickel intersections drilled in the entire belt, which has never been followed up.

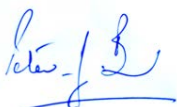
The subsequent execution of a land access agreement at Narragene paves the way to the first exploration seen in this part of the belt in more than ten years, and the team is well advanced planning programs there.

The next 12-month period is shaping up to be an exciting period for Cosmo, with assay results from sulphides intersected in recent drilling at Mt Venn imminent. Follow up drill programs are on the horizon at Yamarna including the first ground programs at Narragene, with additional ground geophysics shortly underway at Yamarna and Winchester, and further drilling planned on the back of these programs.

I'd also like to take this opportunity to acknowledge all our stakeholders, including the Traditional Owners of the land on which we operate, with whom we have inherited a close working relationship from Great Boulder.

In closing I would like to extend my gratitude to my fellow directors and the entire Cosmo team, and thank our fellow shareholders for your continued support.

Regards,

A handwritten signature in blue ink, appearing to read "Peter Bird".

Peter Bird
Non-Executive Chairman
Cosmo Metals Limited

CORPORATE DIRECTORY

DIRECTORS

Mr Peter Bird	Non-Executive Chairman
Mr James Merrillees	Managing Director
Mr Andrew Paterson	Non-Executive Director
Mr Zbigniew Lubieniecki	Non-Executive Director

COMPANY SECRETARY

Ms Melanie Ross

REGISTERED OFFICE, PRINCIPAL PLACE OF BUSINESS & CONTACTS

Level 3, 33 Ord Street

WEST PERTH WA 6005

Ph: +61 8 6400 5301

Web: www.cosmometals.com.au

Securities Exchange Listing - ASX Code: CMO

ABN: 17 653 132 828

SOLICITORS

Blackwall Legal LLP

Level 26, 140 St Georges Terrace

PERTH WA 6000

AUDITORS

RSM Australia Partners

Level 32, Exchange Plaza

2 The Esplanade

PERTH WA 6000

SHARE REGISTRY

Automic Group

Level 5, 191 St Georges Terrace

PERTH WA 6000

Ph: 1300 288 664

Web: www.automicgroup.com.au

SECURITIES EXCHANGE LISTING

Australian Securities Exchange (**ASX**)

Code: CMO

BANKERS

National Australia Bank

100 St Georges Terrace

PERTH WA 6000

CORPORATE GOVERNANCE STATEMENT

<https://cosmometals.com.au/who-we-are/corporate-governance/>

For personal use only

DIRECTORS' REPORT

Your directors present their report, together with the interim financial report on the Company, Cosmo Metals Ltd at the end of, or during the period 26 August 2021 (date of incorporation) to 30 June 2022 ('period').

DIRECTORS

The names of directors in office at any time during or since the end of the period are listed below. Directors have been in office since incorporation to the date of this report unless otherwise stated.

NAME OF PERSON	POSITION
Mr Peter Bird	Non-Executive Chairman (appointed 10 November 2021)
Mr James Merrillees	Managing Director (appointed 10 November 2021 as Non-Executive Director until appointment to Managing Director on 4 January 2022)
Mr Andrew Paterson	Non-Executive Director
Mr Zbigniew Lubieniecki	Non-Executive Director
Ms Melanie Ross	Non-Executive Director (resigned 10 November 2021)

PRINCIPAL ACTIVITIES

During the financial period, the principal activities of the Company consisted of mineral exploration.

DIVIDENDS

There were no dividends declared or paid by the Company during the period and no dividend is recommended.

REVIEW OF OPERATIONS

Operating Result

The loss from continuing operations for the period after providing for tax amounted to \$1,096,648.

During the period ending 30 June 2022, the Company primarily undertook work toward the Initial Public Offer (IPO) for an ASX listing. A Prospectus was lodged with ASIC on 22 November 2021 to raise a minimum of \$5million and maximum of \$7million in order to list on the ASX.

The Prospectus was closed on 24 December 2021 successfully raising \$5.1million before share issue costs. The proceeds from issue of shares were received in full on 25 January 2022.

On the 12 November 2021, 5,000,000 options with an exercise price of \$0.25 and an expiry date of 12 November 2024 were issued to Directors of the Company under the Prospectus.

On 19 November 2021 the Company issued 25,000,000 shares at a deemed issued price of \$0.20 to Great Boulder Resources Ltd (GBR), the parent Company of Cosmo Metals Limited, as consideration for tenements comprising the Yamarna Project.

The Company commenced trading on the ASX on 31 January 2022 and the Company issued 5,000,000 options with an exercise price of \$0.25 expiring on 31 January 2025 to lead managers of the IPO.

Exploration

Overview

Upon listing in January 2022 Cosmo Metals Ltd commenced exploration programs focussed on the discovery of copper (Cu)-nickel (Ni) – cobalt (Co) - platinum group element (PGE) deposits at the Company's Yamarna Region (Yamarna, Winchester and Mulgabiddy Projects) and Pingrup Projects in Western Australia (refer Figure 1).

Drilling works have included several programs on the Mt Venn and Eastern Mafic Prospects (Yamarna Project) which intersected widespread, shallow copper mineralisation which are the current focus of follow up work including ground geophysical surveys and further drilling.

The Company has a solid platform for a period of active exploration and discovery success in the coming year.

Yamarna Region

Cosmo's projects in the Yamarna Region are located approximately 130km east of Laverton in the Eastern Goldfields District of Western Australia (refer Figure 1).

The Company's Yamarna landholding immediately west of the 6.7Moz Gruyere gold mine owned by Gold Road Resources Ltd (ASX:GOR) and Gold Fields Ltd consists of nine granted exploration licences, two prospecting leases and two exploration licence applications in three separate areas¹:

1. **Yamarna** to the southeast (seven exploration licences and two prospecting leases) covering the Mt Venn and Eastern Mafic Prospects and
2. **Winchester** in the north (two exploration licences); and
3. Two exploration licences, covering the **Mulgabiddy Project** ~30km to the west of Yamarna, were applied for in June 2022.

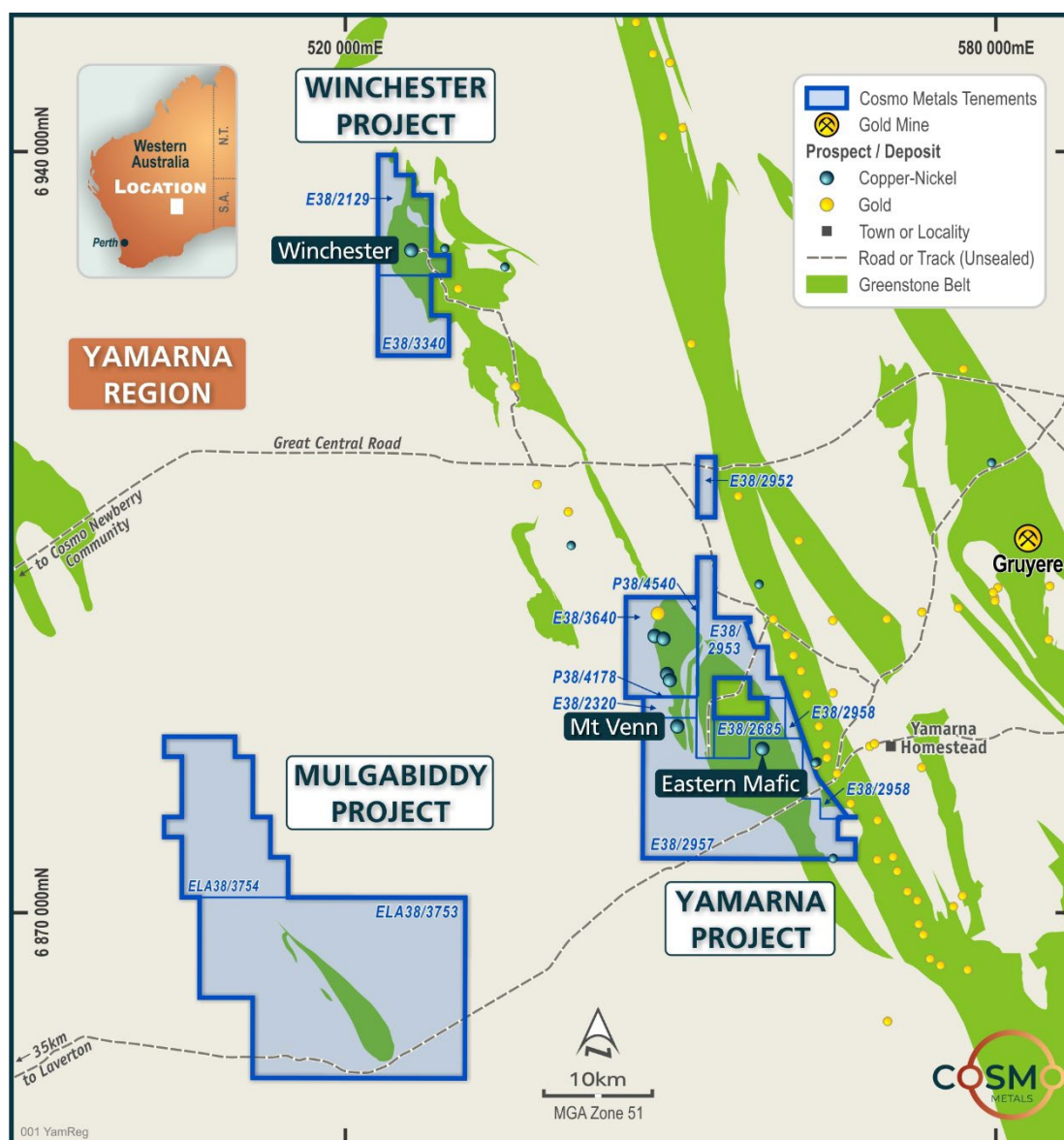


Figure 1: Cosmo Metals' Yamarna Region Project Locations

In recent years Yamarna was the focus of exploration work by Great Boulder (ASX:GBR), leading to the discovery of magmatic-hosted Cu-Ni-Co sulphide accumulations at Mt Venn in 2017 and at the Eastern Mafic Complex in 2018.

In 2018 Great Boulder entered into a farm-in and joint venture agreement with Ausgold Ltd (ASX:AUC) for the Winchester area, where subsequent drilling programs confirmed the presence of Cu-Ni-Co sulphides in 2019¹.

For personal use only

DIRECTORS' REPORT

In 2021 Great Boulder consolidated 100% ownership of all Yamarna Region tenements, other than E38/2129, in which Ausgold retains a 25% interest¹.

The Yamarna region projects are easily accessible via the Great Central Road from Laverton, with local gravel tracks heading north to Winchester, and a combination of the Gruyere mine access road and borefield access roads providing direct access to Yamarna¹.

Yamarna Project

The Yamarna Project, and more specifically the Mt Venn Cu-Ni deposit, has been the primary focus of exploration in the Yamarna Region to date where drilling has defined a continuous zone of Cu-Ni mineralisation up to 2.5km in length to a maximum depth of 240m. Mineralisation extends over more than 8km of strike highlighting the potential for the discovery of large-scale deposits (refer Figure 3).

The copper-rich sulphide mineralisation at Mt Venn is hosted within gabbroic rocks of the Mt Venn Igneous Complex, with more than three kilometres of strike to the south remaining untested as well as areas down dip from the currently drilled sections (refer figures 2, 3 & 4).

Numerous significant intersections have been reported from Mt Venn including, but not limited to¹:

- 48m at 0.8% Cu, 0.2% Ni, 0.07% Co from 103m in 17MVRC015
- 18m at 0.8% Cu, 0.1% Ni, 0.02% Co from 187m in 17MVRC001
- 8m at 0.7% Cu, 0.2% Ni, 0.05% Co from 92m in 17MVRC022
- 27m at 0.6% Cu, 0.2% Ni, 0.05% Co from 43m in 18MVRC0016.

Following the Company's listing in January 2022, the Company received the results from a six-hole, 1,116m reverse circulation (RC) drillholes drilled at the Mt Venn deposit by GBR in December 2021.

Significant intersections from the drilling program included (refer Figure 2)²:

- 46m @ 0.80% Cu, 0.06%Ni from 141m in 21MVRC001 *including*
 - **1m @ 1.40% Cu from 151m and**
 - **12m @ 1.26% Cu from 155m and**
 - **13m @ 1.06% Cu from 170m**
- 23m @ 0.74% Cu, 0.06%Ni from 158m in 21MVRC002 *including*
 - **1m @ 1.81% Cu from 158m and**
 - **1m @ 1.01% Cu from 162m and**
 - **2m @ 1.26% Cu from 170m and**
 - **1m @ 1.83% Cu from 175m and**
 - **1m @ 1.66% Cu from 180m and**
- 67m @ 0.50% Cu, 0.13% Ni from 47m in 21MVRC003 *including*
 - **1m @ 1.31% Cu from 64m and**
 - **1m @ 2.05% Cu from 70m and**
 - **1m @ 1.40% Cu from 94m and**
 - **1m @ 1.23% Cu from 97m and**
 - **3m @ 1.11% Cu from 101m and**
- 15m @ 0.29% Cu, 0.06%Ni from 154m in 21MVRC004

The above holes were drilled into the 'Western (footwall) Zone' at Mt Venn and successfully expanded the grades and widths

of mineralisation in the earlier reported drilling including the higher-grade zones noted above in hole 21MVRC001.

Mineralisation in 21MVRC001 is interpreted to be associated with a 'flexure' in the target basal contact zone and work is ongoing to target this position along strike and repeats of it at depth (refer Figure 4).

Holes 21MVRC005 and 21MVRC006 tested northern extensions to Mt Venn and intersected narrow zones of copper and nickel including numerous narrow intervals with >0.15% Cu such as (refer Figure 3):

- **2m @ 0.48% Cu, 0.10% Ni from 56m in 21MVRC005**

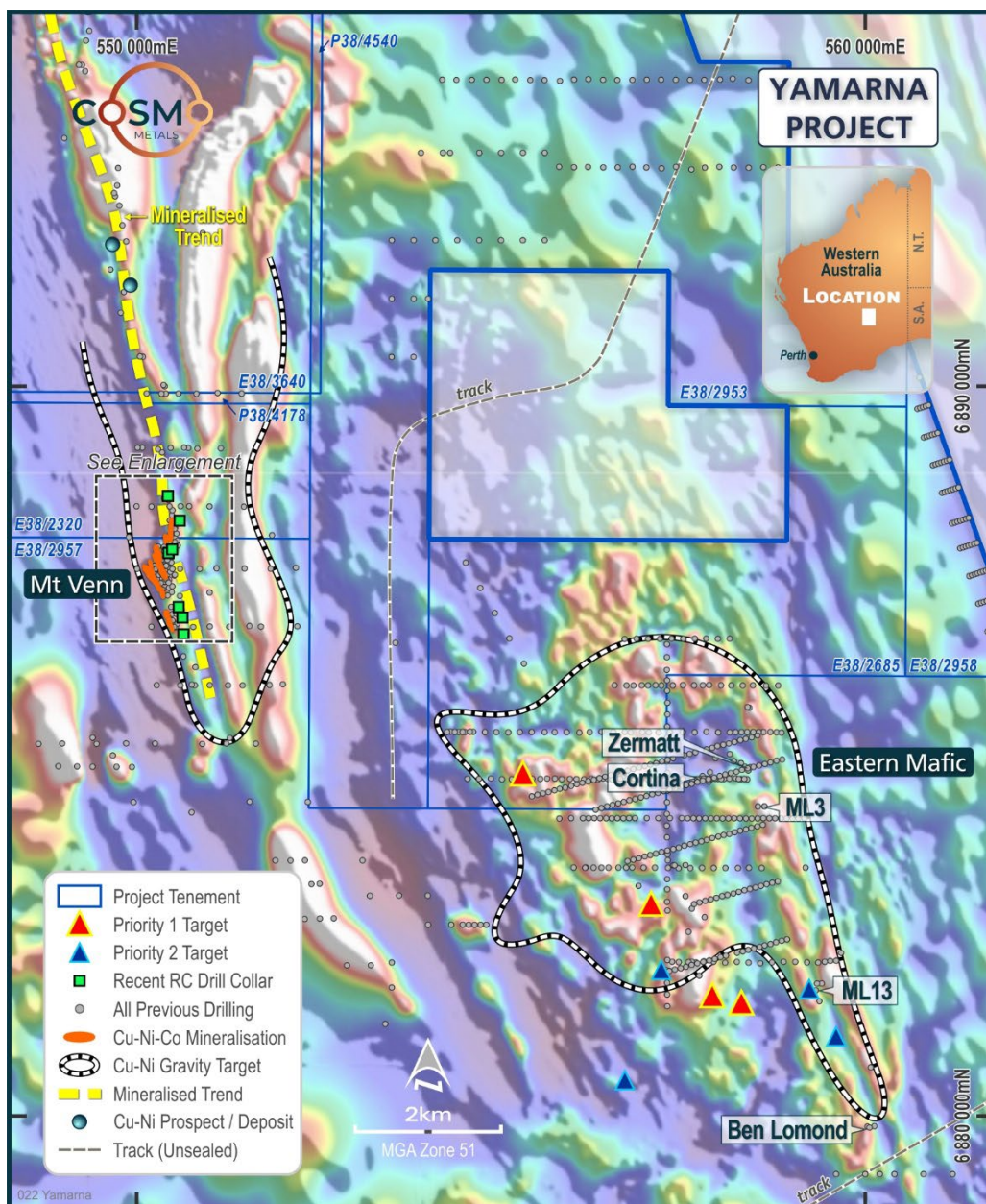


Figure 2: Cosmo Metals' Yamarna Project, Eastern Goldfields Western Australia with selected prospects and drilling on regional airborne magnetic imagery (RTP TMI)¹.

In May 2022 the Company completed a further 16-hole (2,204m) RC drilling program at Yamarna comprising:

- 12-holes (1,494m) to test extensions and infill mineralisation at the Mt Venn prospect
- Four holes (710m) at Eastern Mafic testing the ML3 and ML13 targets previously defined by moving loop electromagnetics (MLEM).

For personal use only

Mt Venn RC Program

The 12-hole program at Mt Venn was designed to extend and infill copper-rich sulphide mineralisation hosted within gabbroic rocks of the Mt Venn Igneous Complex. Ten of the holes drilled at Mt Venn intersected significant copper mineralisation with one hole (YARC016) abandoned at 20m due to difficult ground conditions (refer Figures 3 & 4).

Drilling intersected mineralisation at the target depths with mineralised intervals comprising disseminated to massive and semi-massive sulphides (pyrrhotite>>chalcopyrite) hosted within a mafic (gabbro) to ultramafic (pyroxenite) unit adjacent to the contact with felsic-intermediate volcanics and volcanoclastics.

Selected new intersections at Mt Venn included?:

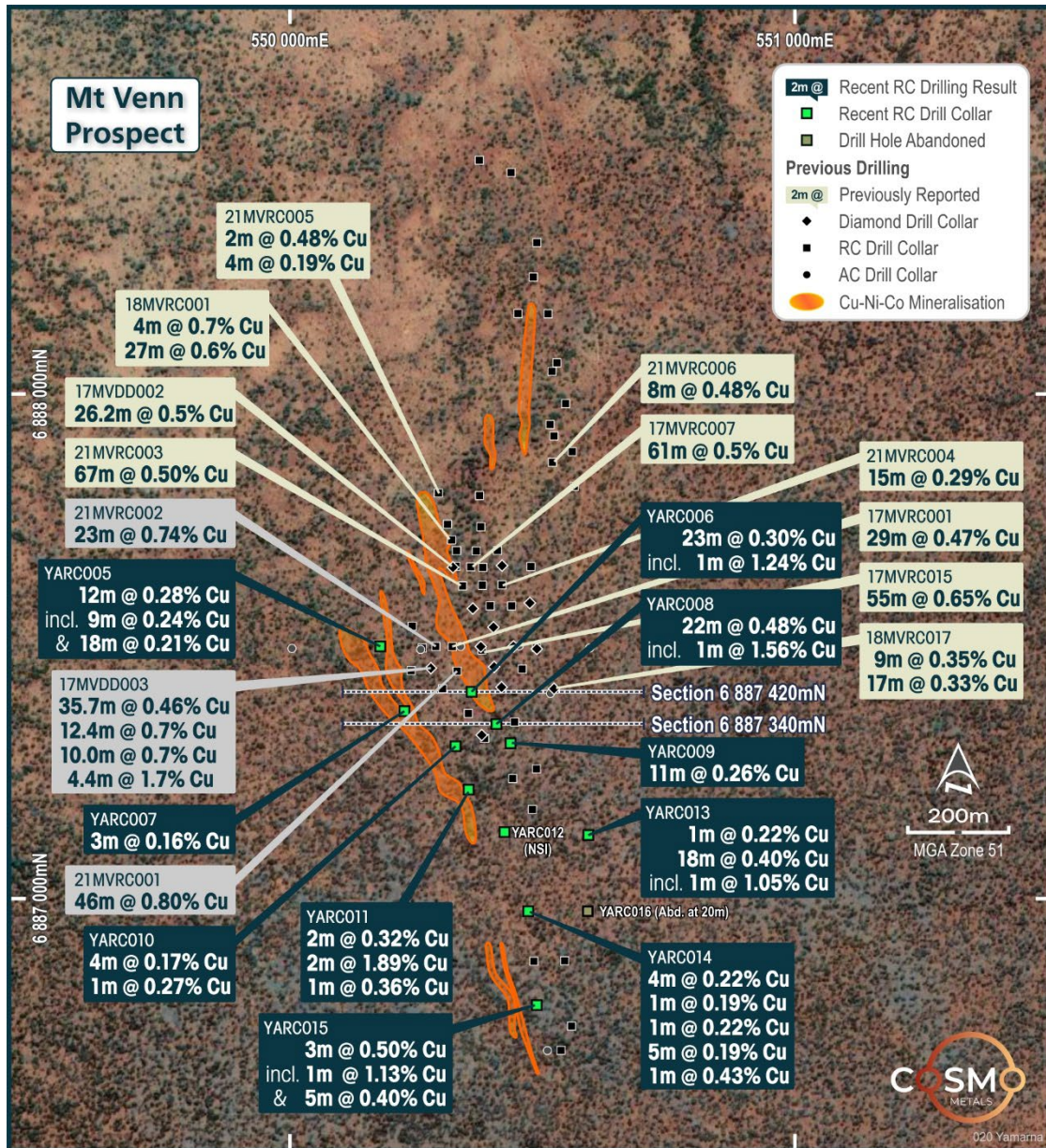


Figure 3: Cosmo Metals' Mt Venn Project. 2021 RC drilling with selected drill intersection on aerial photo background¹.

YARC005

- 12m @ 0.28% Cu, 0.04% Ni and 0.02% Co from 4m and 9m @ 0.24% Cu, 0.04% Ni from 51m and 18m @ 0.21% Cu, 0.04% Ni from 70m

YARC006

- 23m @ 0.30% Cu from 147m in including 1m @ 1.25% Cu from 154m

DIRECTORS' REPORT

YARC008

- 22m @ 0.48% Cu, 0.16% Ni and 0.06% Co from 135m including
1m @ 1.56% Cu, 0.15% Ni and 0.05% Co from 147m

YARC009

- 11m @ 0.25% Cu, 0.08% Ni from 135m

YARC013

- 18m @ 0.40% Cu from 202m including
1m @ 1.05% Cu from 215m

YARC015

- 3m @ 0.50% Cu, 0.09% Ni from 48m including
1m @ 1.13% Cu from 48m

As noted above hole YARC016 was abandoned at 20m due to difficult ground conditions and the overall program was slow due to issues with the rig. The Company therefore postponed the drilling of six holes, originally planned to test for deeper extents of the copper mineralisation at Mt Venn which was completed in August 2022 (refer discussion below).

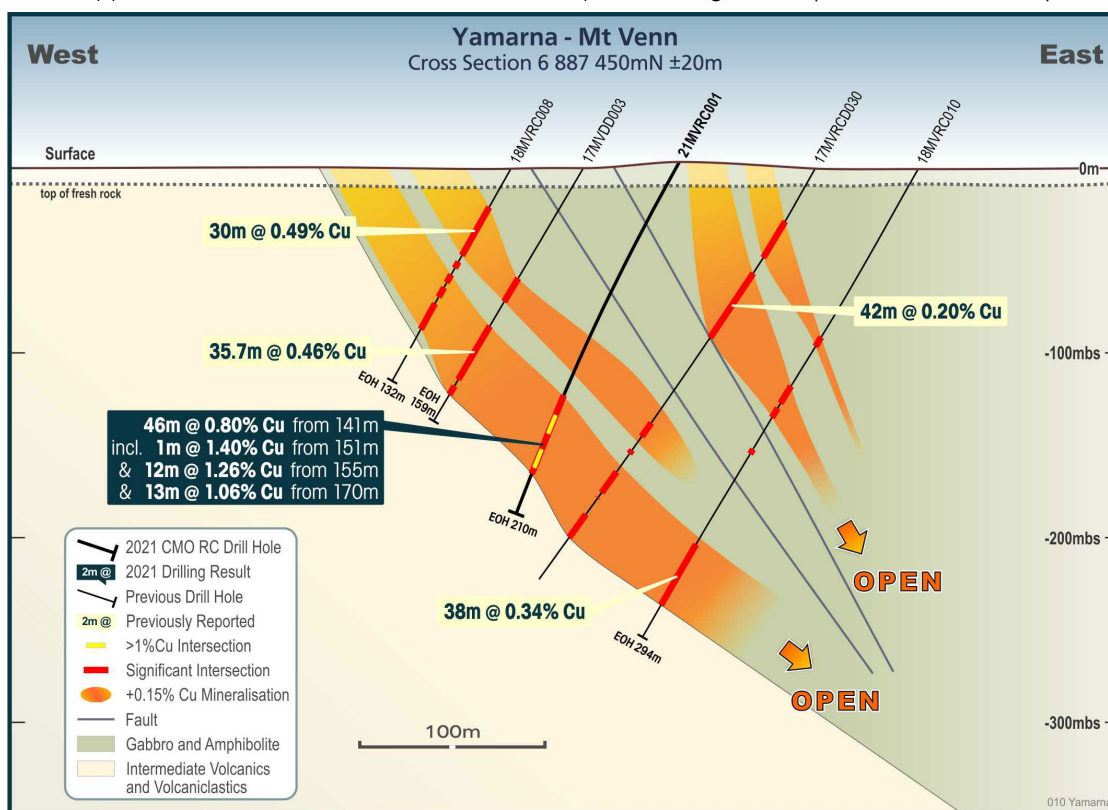


Figure 4: Section 6 887 450 (looking north) with higher grades in hole 21MVRC001 coincident with a 'flexure' in the basement contact.

Eastern Mafic Complex (Cu-Ni-Co-PGE)

The Eastern Mafic Complex (EMC), ~7km east of Mt Venn, is defined by a 4.5km by 3.5km gravity anomaly discovered in 2018. Limited exploration has been completed at EMC with only 36 holes drilled to date, targeting electromagnetic conductors identified by an airborne EM (AEM) survey flown in 2018, with all conductors drilled being associated with magmatic sulphides.

Ni-Cu-Co (PGE) mineralisation at EMC is hosted within gabbro to anorthositic gabbro units with sulphides dominated by pyrrhotite and chalcopyrite with lesser pyrite.

Historical exploration at EMC targeted potential 'feeder zones' of the mineralised system (i.e., the potential source to near-surface mineralisation), with the potential to host large zones of sulphide mineralisation analogous to other Cu-Ni-PGE deposits globally.

Several prospects have been identified from airborne and ground EM in 2018-2019 including Zermatt, Cortina, ML3 and ML13. These prospects remain largely open along strike and at depth and of note within this system is the presence of Platinum Group Elements (PGE's) in contrast to Mt Venn (refer Figures 2 & 5).

ML3 and ML13 were targeted with four RC holes by Cosmo in the May 2022 program.

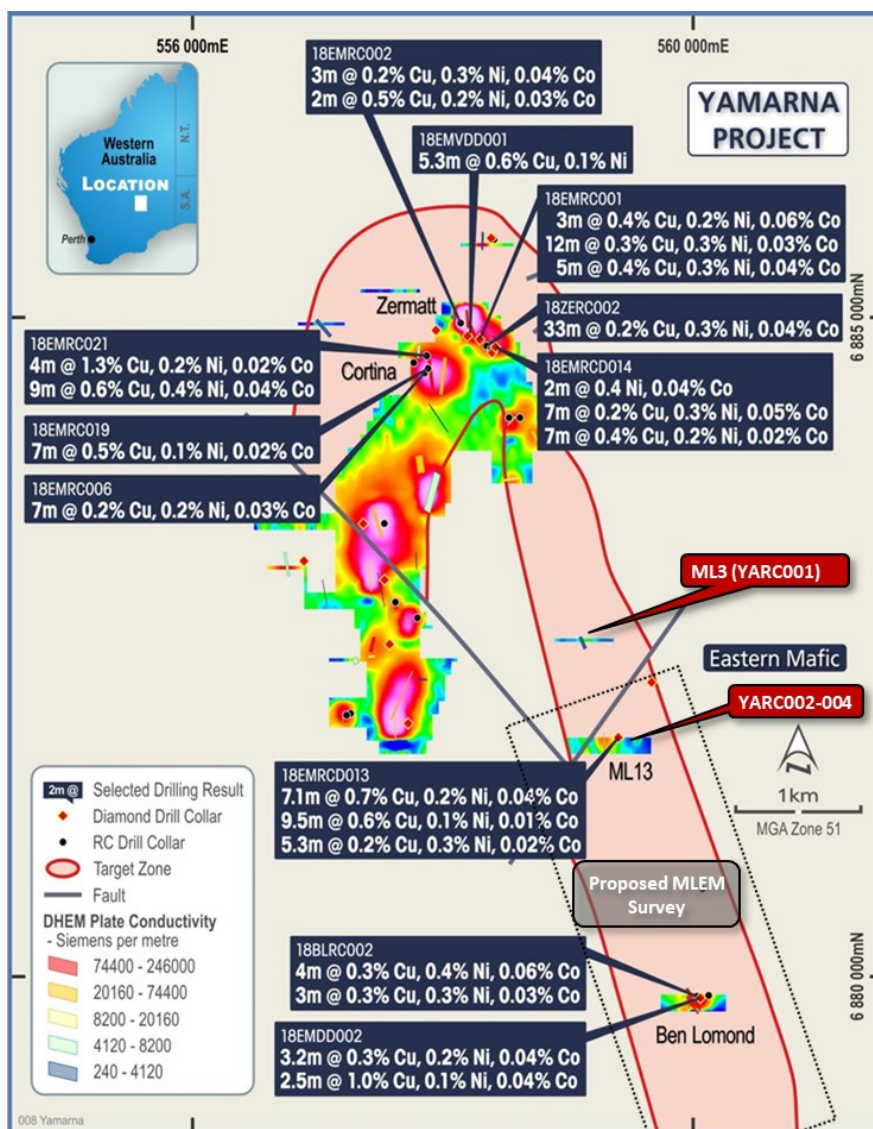


Figure 5: Eastern Mafic Complex, prospects, 2022 RC drilling with selected historical drill intersections and proposed MLEM survey¹.

ML13

Three holes were drilled to test extensions of the ML13 conductor including the up-dip extension of mineralisation in historical hole 18EMRC013 which intersected¹:

- 5.3 m at 0.2% Cu, 0.3% Ni, 0.02% Co, 0.09g/t PGE from 161m and
- 7.1 m at 0.7% Cu, 0.2% Ni, 0.04% Co from 282.8m; and
- 9.5 m at 0.6% Cu, 0.1% Ni, 0.01% Co, 0.21g/t PGE from 322m

Drill holes YARC002 and YARC004 intersected several zones of significant mineralisation at ML13 including²:

- 6m @ 0.19% Cu from 132m in YARC002
- 10m @ 0.20% Cu from 70m in YARC004

Notably YARC004 (~150m south of the conductor defined at ML13) targeted a position where no conductor was identified in the airborne survey and mineralisation has now been defined over more than 250m with the nearest drillhole more than 1km to the south of YARC004.

DIRECTORS' REPORT

The Company's geophysicists interpreted the lack of an AEM conductor at YARC004 to suggest that the AEM may have been ineffective in screening this area due to the very high conductance of the modelled plates which may have saturated the response. To better screen this target lower frequency ground based moving loop EM (MLEM) will be collected with a survey planned to commence in September.

ML3

The ML3 target is a prominent EM anomaly associated with a locally strong magnetic anomaly, adjacent to a regional NNW structure.

Historical drilling of two RC holes at ML3 failed to explain the anomaly, and Cosmo designed a single hole (YARC001) to test an alternative interpretation of the conductor. YARC001 was drilled to 174m however this hole also failed to intersect the modelled conductor, intersecting up to 30m of granitic gneiss and 20m of coarse-grained gabbro from 149m with minor (disseminated) sulphides (pyrite with minor chalcopyrite) not considered sufficient to explain the anomaly.

Narragene (Mt Venn North E38/364)

In February 2022 the Narragene tenement (E36/2680) was granted (refer Figure 1).

Narragene (formerly Mt Venn North) covers the entire northern extension of the Mt Venn Complex. Importantly drilling along this trend recorded several significant intercepts with wide zones (20-44m) of copper dominant sulphide mineralisation with almost half the historical holes completed recording grades greater than 0.2% Cu. These include historical hole MVRC010, which intersected (refer Figure 2)!

- **4m @ 1.3% Cu and 0.7% Ni from 33m**

MVRC010 is coincident with a NNW-trending shear zone, and is the highest nickel grade intersected in the Mt Venn Igneous Complex, and which has never been followed up.

The Company has now executed land access agreements with the Traditional Owners of the ground on which E38/3640 occurs as a precursor to on-ground activities. Along with numerous other high priority targets Mt Venn North represents a compelling exploration opportunity for the Company once approvals are in place.

Winchester Project (CMO 75% - 100%)

The Winchester Project is located to the north of the Yamarna Regional package and consists of two tenements covering 91km² (Figure 1 & 6). Winchester contains magmatic hosted polymetallic (Cu-Ni-Co-PGE) mineralisation interpreted as analogous to the Mt Venn deposit.

Several phases of exploration have been completed at Winchester, however only 22 RC and DD holes have been drilled to date across the entire tenement area. Several significant intercepts have been recorded including!

- 7m @ 1.1 % Cu, 0.2% Ni, 0.01% Co, 0.13ppm PGE and 0.19g/t Au from 123 m (18WNRC001) including
2m @ Cu 1.8% Cu, 0.2 % Ni, 0.02% Co, 0.22ppm PGE and 0.25g/t Au from 126m
- 13m @ 0.9 Cu %, 0.3 % Ni, 0.02 % Co from 138 m (18WNRC002) including
2m @ 1.5% Cu, 0.1% Ni, 0.01% Co and 0.12g/t Au from 138 m and
5m @ 1.1% Cu, 0.7% Ni, 0.04% Co and 0.1ppm PGE from 144m
- 4.4m @ 0.8% Cu, 4.7g/t Ag from 201.86 m (20WNRC002)
- 19m @ 0.6% Cu, 0.3% Ni, and 0.02% Co from 106m (YMRC010) including
10m @ 0.8% Cu, 0.4% Ni, 0.03% Co
- 13m at 0.9% Cu, 0.3% Ni, 0.02% Co from 138m (18WNRC002) including
5m at 1.1% Cu, 0.7% Ni, 0.04% Co, 0.10g/t PGE

Work undertaken at Winchester during the annual period comprised targeting and field reconnaissance with a ground geophysical survey completed after the end of the reporting period.

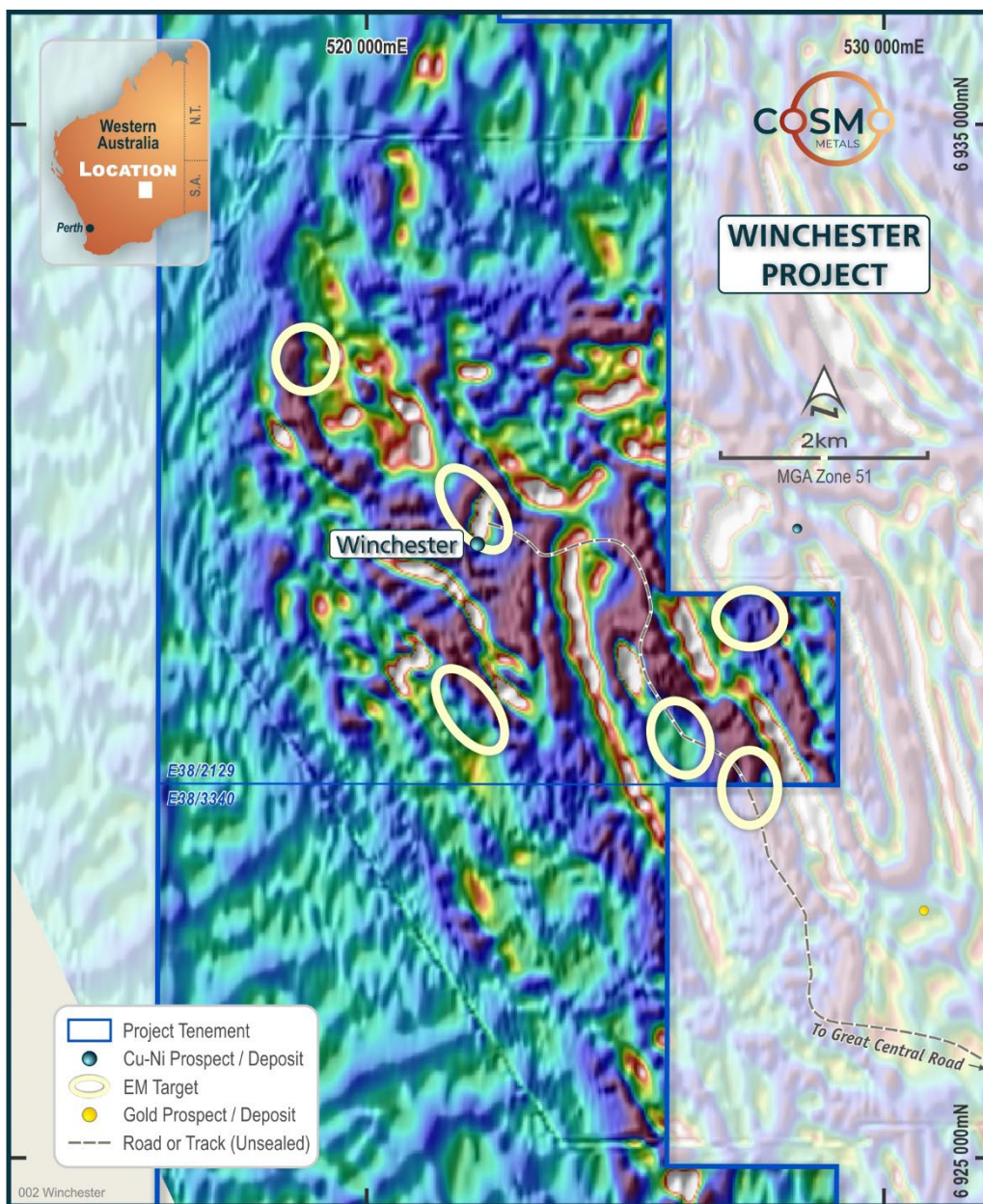


Figure 6: Cosmo Metals' Winchester Project with EM targets Winchester Prospect on background magnetic image (VD1 TMI)

For personal use only

Pingrup Project

The Pingrup Project exploration licenses E70/5955 (6 blocks) and E70/5956 (16 blocks), overlie farmland south of Lake Grace (refer Figure 7).

The Pingrup tenements represent conceptual targets generated from desktop analysis of regional magnetic data, and are considered to be prospective for Cu-Ni-PGE mineralisation associated with interpreted mafic-ultramafic intrusions within high metamorphic grade rocks of the South West Terrane.

Following grant of the Pingrup tenements, the Company has commenced stakeholder engagement with initial field work planned in the coming reporting period.

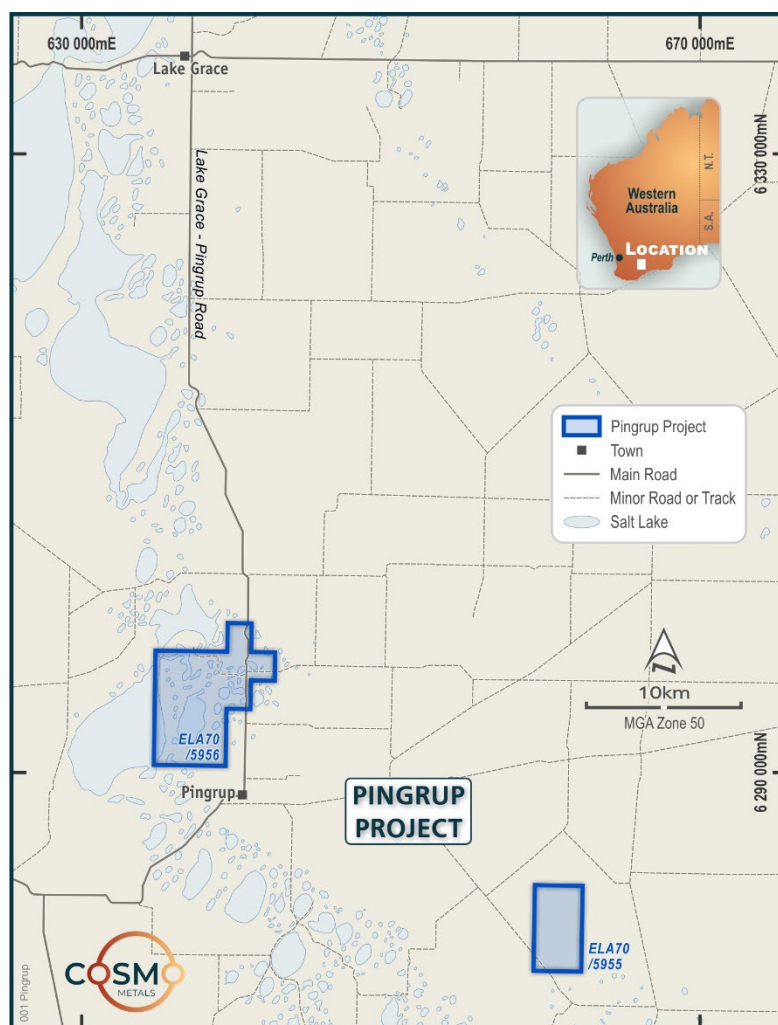


Figure 7: Cosmo Metals' Pingrup Project Location, Wheatbelt Region Western Australia

EVENTS AFTER THE REPORTING DATE

Exploration

Mt Venn RC Drill Program⁴

In August-September 2022 the Company completed a 1,550m RC drill program targeting the Mt Venn prospect to complete the program that was commenced in May 2022.

All holes drilled intersected sulphides at target depths with mineralisation dominated by pyrrhotite with hole YARC021 intersecting a continuous zone of over 16m of massive and semi-massive sulphides (pyrrhotite>>chalcopyrite) from 142m⁴.

In relation to the disclosure of visual mineralisation, the Company cautions that visual estimates of sulphide abundance should not be considered a proxy or substitute for laboratory analysis. Laboratory assay results are required to determine the width and grade of the visual mineralisation reported in geological logs. The Company will update the market when laboratory analytical results become available.

For personal use only

DIRECTORS' REPORT

The Company's laboratory estimates October for reporting of these analyses and the Company will update the market when these are received.

All holes were successfully cased with PVC to end of hole depth in preparation for down hole electromagnetic (DHEM) surveying. DHEM is considered an important exploration tool for conductive mineralisation such as magmatic Cu-Ni sulphides, the target of Cosmo's exploration programs at Yamarna.

Downhole Electromagnetic Survey (DHEM)⁴

In August the Company also announced the mobilisation of a DHEM survey crew to commence surveying drill holes at Eastern Mafic as well as historical holes at Mt Venn and the Winchester Project, ~50km north of Mt Venn. The crew also completed DHEM surveys on holes YARC017-022 drilled in the August 2022 program.

The Winchester survey included four holes (20WNRCD01-004) which were drilled in 2020 but never surveyed due to regional COVID-related travel restrictions at the time. Hole 20WNRCD002 intersected several sulphide zones that remain open along trend including¹:

- 4.4m @ 0.8% Cu, 4.7g/t Ag, 0.08% Ni and 0.01% Co from 201.86m (20WNRCD002)

The remaining three holes (20WNRCD001, 003 & 004) did not intersect any significant mineralisation and the EM targets remain unexplained with DHEM expected to provide further information to explain these targets.

One hole at Eastern Mafic on the ML3 target (YARC001) was also surveyed. The ML3 target is a prominent EM anomaly associated with a locally strong magnetic anomaly, adjacent to a regional NNW structure. Three RC holes drilled at ML3 (including YARC001) failed to intersect any conductive geology sufficient to explain the anomaly.

All DEHM data is currently with the Company's geophysical team for modelling and interpretation with results from this work expected shortly.

Corporate

On 15 September 2022, 500,000 options with an exercise price of \$0.25 and an expiry date of 15/09/2025 were issued to an employee of the Company as part of the Company's Equity Incentive Plan.

Apart from the matters discussed above, no other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

¹ Refer Cosmo Metals Prospectus dated 22 November 2021

² Refer Cosmo Metals ASX Announcement dated 15 February 2022

³ Refer Cosmo Metals ASX Announcement dated 25 July 2022

⁴ Refer Cosmo Metals ASX Announcement dated 11 August and 5 September 2022

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company during the financial period.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Information on likely developments in the operations of the Company and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Company.

ENVIRONMENTAL REGULATION

The Company is subject to and is compliant with all aspects of environmental regulation of its exploration and mining activities. The Directors are not aware of any environmental law that is not being complied with.

DIRECTORS' REPORT

Andrew Paterson **B.Eng (Hons) (Mineral Exploration & Mining Geology), GradDip Mining**

Non-Executive Director

Mr Paterson is a geologist with over 25 years' experience in mining and exploration in Australia and PNG. After graduating from WASM in 1993 he spent several years in surface and underground gold and nickel mining operations around the WA Goldfields before moving into a management role with Harmony Gold. Since then, Mr Paterson has managed diverse programs exploring for gold, nickel, iron ore and lithium for companies including Atlas Iron and Focus Minerals. In 2016, Mr Paterson was part of the management team that recapitalised Kingston Resources, leading to Kingston's successful acquisition of the 2.8Moz Misima Gold Project in PNG.

Appointed:	26 August 2021
Committee memberships:	Audit & Risk
Other listed board memberships:	Great Boulder Resources Ltd
Previous listed board memberships:	Nil for the last three years
Interest in shares at the date of this report:	Nil
Interest in options at the date of this report:	1,000,000
Contractual rights to shares:	Nil

Melanie Ross **CA, BCom, AGIA, ACG**

Non-Executive Director, Company Secretary and Chief Financial Officer

Ms Ross is an accounting and corporate governance professional with over 20 years' experience in financial accounting and analysis, audit, business and corporate advisory services in public practice, commerce and state government. Ms Ross is currently a director of a corporate advisory company based in Perth that provides corporate and other advisory services to public listed companies.

Appointed:	26 August 2021
Resigned:	10 November 2021 (as Non-Executive Director)
Committee memberships:	Nil
Other listed board memberships:	Ragusa Minerals Ltd, Tempus Resources Ltd
Previous listed board memberships:	Nil for the last three years
Interest in shares at the date of this report:	75,000
Interest in options at the date of this report:	Nil
Contractual rights to shares:	Nil

MEETINGS OF DIRECTORS

The number of directors' meetings held (including meeting of the Committees of the Board) and number of meetings attend by each of the directors of the Company during the financial period are:

Director	Directors' Meeting		Audit and Risk Committee	
	Eligible	Attended	Eligible	Attended
Peter Bird	6	6	1	1
Zbigniew Lubieniecki	6	6	1	1
James Merrillees	6	6	-	-
Andrew Paterson	6	6	1	1
Melanie Ross ⁽ⁱ⁾	-	-	-	-

i. Ms Ross resigned 10 November 2021.

OPTIONS

Options on issue at the date of this report:

Grant date	Expiry date	Quoted/Unquoted	Exercise price	Number
12 November 2021	12 November 2024	Unquoted	\$0.25	5,000,000
31 January 2022	31 January 2025	Unquoted	\$0.25	5,000,000
1 July 2022	15 September 2025	Unquoted	\$0.25	500,000

SHARES ISSUED ON THE EXERCISE OF OPTIONS

There were no ordinary shares of Cosmo Metals Limited that were issued during the financial period and up to the date of this report on the exercise of options granted.

DIRECTORS' REPORT

INDEMNIFYING OFFICERS AND AUDITORS

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001 every Officer, or agent of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as Officer or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal. No indemnification has been paid with respect to the Company's auditor.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF RSM AUSTRALIA PARTNERS

There are no officers of the Company who are former partners of RSM Australia Partners.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

AUDITOR

RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

NON-AUDIT SERVICES

No amounts were paid or payable to the auditor for non-audit services provided during the period ended 30 June 2022.

AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditors' Independence declaration as required under section 307C of the *Corporations Act 2001* is included within this interim financial report.

REMUNERATION REPORT (AUDITED)

This remuneration report outlines the director and executive remuneration arrangements of the Company in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report, Key Management Personnel of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company.

PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The Board ensures that executive reward satisfies the following key criteria for good reward governance practises:

- competitiveness and reasonableness
- acceptability to shareholders
- transparency

The Board, acting in its capacity as the remuneration committee, is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Company depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

In making its determinations, the Board ensures that the remuneration and employment policies and practices of the Company:

- motivate executive Directors and officers to pursue the long-term growth and success of the Company;
- demonstrate a clear relationship between performance and remuneration; and
- involve an appropriate balance between fixed and incentive remuneration, reflecting the short and long-term performance objectives to the Company circumstances and goals.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive Directors' remuneration

The Company's policy is to remunerate Non-executive Directors at a fixed fee for time, commitment and responsibilities. Remuneration for Non-executive Directors is not linked to individual performance. From time to time, the Company may grant options to Non-executive Directors. The grant of options is designed to recognise and reward efforts and provide Non-executive Directors with additional incentive to continue those efforts for the benefit of the Company.

ASX listing rules require the maximum aggregate amount of fees (including superannuation payments) that can be paid to non-executive Directors be subject to approval by shareholders at a General Meeting. The current base remuneration pool of \$300,000 for non-executive directors was set and reported in the Prospectus dated 22 November 2021. All director fees are periodically recommended for approval by shareholders.

Executive remuneration

The Company's policy regarding executive's remuneration is that the executives are paid a commercial salary and benefits based on the market rate and experience.

Executive pay and reward consists of the following:

- base salary and non-monetary benefits;
- performance incentives;
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Long-term incentives include long service leave and share-based payments. These may include options granted at the discretion of the Board and subject to obtaining the relevant approvals. The grant of options is designed to recognise and reward efforts and provide additional incentive and may be subject to the successful completion of performance hurdles.

Performance based remuneration

The Company has adopted an employee incentive option plan ('ESOP or 'Option Plan') to provide ongoing incentives to

REMUNERATION REPORT (AUDITED)

Directors, Executives and Employees of the Company. The objective of the ESOP is to provide the Company with a remuneration mechanism, through the issue of securities in the capital of the Company, to motivate and reward the performance of the Directors and employees in achieving specified performance milestones within a specified performance period. The Board will ensure that the performance milestones attached to the securities issued pursuant to the ESOP are aligned with the successful growth of the Company's business activities.

The Directors and employees of the Company have been, and will continue to be, instrumental in the growth of the Company.

The Directors consider that the ESOP is an appropriate method to:

- a) assist in the reward, retention and motivation of Directors and employees;
- b) link the reward of Directors and employees to Shareholder value creation; and
- c) align the interests of Directors and employees with shareholders of the Company by providing an opportunity to Directors and employees to receive an equity interest in the Company in the form of Securities.

Company performance, shareholder wealth and Directors' and executives' remuneration

The remuneration policy has been tailored to increase the positive relationship between shareholders' investment objectives and Directors and executives' performance. Currently, this is facilitated through the employee incentive option plan to encourage the alignment of personal and shareholder interests.

KEY MANAGEMENT PERSONNEL

The key management personnel of the Company consists of the following directors and executives:

Director	Position
Peter Bird	Non-Executive Chairman – appointed 10 November 2021
Zbigniew Lubieniecki	Non-Executive Director
James Merrillees	Managing Director – appointed 10 November 2021 as Non-Executive Director until appointment Managing Director on 4 January 2022
Andrew Paterson	Non-Executive Director
Melanie Ross	Non-Executive Director – resigned 10 November 2021

The details of the Key Management Personnel's remuneration have been set out in the following tables.

REMUNERATION STRUCTURE FOR KEY MANAGEMENT PERSONNEL

Remuneration is based on the following components approved by the Remuneration and Nomination Committee:

- base pay
- long-term performance incentives
- other remuneration such as superannuation and long service leave.

Table 1: Contract terms for Key Management Personnel

Name	Title	Term of Agreement	Notice Period by Employee	Notice Period by Company	Termination Benefit
Peter Bird ⁽ⁱ⁾	Non-executive Chairman	Open	Upon resignation as director	Upon termination as director	n/a
Zbigniew Lubieniecki	Non-executive Director	Open	Upon resignation as director	Upon termination as director	n/a
James Merrillees ⁽ⁱⁱ⁾	Managing Director	Open	3 months notice	3 months notice	n/a
Andrew Paterson	Non-executive Director	Open	Upon resignation as director	Upon termination as director	n/a
Melanie Ross ⁽ⁱⁱⁱ⁾	Non-executive Director, Chief Financial Officer and Company Secretary	Open	Nil	Nil	n/a

(i) Appointed 10 November 2021

(ii) Appointed 10 November 2021 as Non-Executive Director until appointment to Managing Director on 4 January 2022

(iii) Resigned as Non-Executive Director on 10 November 2021. Melanie Ross is a director and shareholder of Consilium Corporate Pty Ltd which provides corporate secretarial and chief financial accounting services to the Company

REMUNERATION REPORT (AUDITED)

REMUNERATION STRUCTURE FOR KEY MANAGEMENT PERSONNEL

Table 2: Remuneration for the period ended 30 June 2022

2022	Short Term		Post-Employment	Long Term		Total	Performance Related
	Salary, Fees & Annual Leave	Non-monetary benefits	Super-annuation	Long service leave	Share Based Payments - Options		
	\$	\$	\$	\$	\$	\$	%
Directors							
Peter Bird ⁽ⁱ⁾	42,583	-	4,258	-	97,200	144,042	67%
Zbigniew Lubieniecki	30,417	-	3,042	-	97,200	130,658	74%
James Merrillees ⁽ⁱⁱ⁾	120,000	986	12,000	-	194,400	327,386	59%
Andrew Paterson	30,417	-	3,042	-	97,200	130,659	74%
Melanie Ross ⁽ⁱⁱⁱ⁾	-	-	-	-	-	-	-
Total	223,417	986	22,342	-	486,000	732,745	66%

(i) Appointed 10 November 2021

(ii) Appointed 10 November 2021 as Non-Executive Director until appointment to Managing Director on 4 January 2022

(iii) Resigned as Non-Executive Director on 10 November 2021. Melanie Ross is a director and shareholder of Consilium Corporate Pty Ltd which provides corporate secretarial and chief financial accounting services to the Company

Table 3: Share holdings of Key Management Personnel

Name	Held at the start of the period	Issued on exercise of options	Participation in Initial Public Offering ⁽ⁱ⁾	Acquired on market	Other ⁽ⁱⁱ⁾	Held at the end of the period
Directors						
Peter Bird	-	-	50,000	-	-	50,000
Zbigniew Lubieniecki	-	-	250,000	-	-	250,000
James Merrillees	-	-	50,000	-	-	50,000
Andrew Paterson	-	-	-	-	-	-
Melanie Ross	-	-	75,000	-	(75,000)	-
Total	-	-	425,000	-	(75,000)	350,000

(i) Shares were purchased at the offer issue prices of \$0.20 per share.

(ii) Resigned as Non-Executive Director on 10 November 2021. Melanie Ross is a director and shareholder of Consilium Corporate Pty Ltd which provides corporate secretarial and chief financial accounting services to the Company.

REMUNERATION REPORT (AUDITED)

Table 4: Option holdings of Key Management Personnel

Name	Held at the start of the period	Number	Grant date	Fair value at grant date	Vesting conditions	Vesting date	Expiry	Exercise Price	Decrease ⁽ⁱ⁾	Held at the end of the year
Directors										
Peter Bird	-	1,000,000	12/11/2021	\$0.0972	None	12/11/2021	12/11/2024	\$0.25	-	1,000,000
Zbigniew Lubieniecki	-	1,000,000	12/11/2021	\$0.0972	None	12/11/2021	12/11/2024	\$0.25	-	1,000,000
James Merrillees	-	2,000,000	12/11/2021	\$0.0972	None	12/11/2021	12/11/2024	\$0.25	-	2,000,000
Andrew Paterson	-	1,000,000	12/11/2021	\$0.0972	None	12/11/2021	12/11/2024	\$0.25	-	1,000,000
Melanie Ross	-	-	-	-	-	-	-	-	-	-
Total	-	5,000,000	-	-	-	-	-	-	-	5,000,000

(i) "Decrease" represents options vested, exercised, expired during the year and/or forfeited due to termination/resignation.

Options granted carry no dividend or voting rights.

All options were granted over unissued fully paid ordinary shares in the company. Options are exercisable by the holder as from the vesting date. There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such options other than on their potential exercise.

REMUNERATION REPORT (AUDITED)

CONSEQUENCES OF PERFORMANCE ON SHAREHOLDER WEALTH

The earnings of the Company for the period to 30 June 2022 are summarised below:

	2022	
	\$	
Other income	\$	1,874
EBITDA	\$	(1,095,561)
EBIT	\$	(1,098,522)
Loss after income tax	\$	(1,096,648)
Share price at 30 June	\$ per share	0.150
Basic loss per share	cents per share	(3.59)

The Company was incorporated on 26 August 2021, hence there are no prior year comparatives.

LOANS TO KEY MANAGEMENT PERSONNEL

There were no loans to key management personnel during the period ended 30 June 2022.

OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES

	Transactions with related parties	Balances outstanding
	\$	\$
Consilium Corporate Pty Ltd ⁽ⁱ⁾	4,020	-

- (i) On 3 September 2021, the Company entered into an Agreement with Consilium Corporate Pty Ltd for the provision of CFO and Corporate Secretarial Services. Prior to that, Melanie Ross was appointed as a director to the Company on incorporation, 26 August 2021, and subsequently resigned on 10 November 2021. Ms Ross is a director of Consilium Corporate Pty Ltd. During the period Ms Ross was appointed as a director, Consilium Corporate Pty Ltd invoiced the Company \$4,020 for CFO and Corporate Secretarial Fees.

All transactions were made on commercial terms and conditions and at market rates.

[End of audited Remuneration Report.]

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



James Merrillees
Managing Director

Date: 23 September 2022
Perth

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD 26 AUGUST 2021 TO 30 JUNE 2022**



	Notes	For the period 26 August 2021 to 30 June 2022 \$
Interest income		1,874
Depreciation expense	2	(2,961)
Non-capital exploration expenditure		(3,320)
Administration expenses		(606,241)
Share based payments	11	(486,000)
Loss before income tax		(1,096,648)
Income tax expense	3	-
Loss after for the period		(1,096,648)
Other comprehensive income		-
Total comprehensive loss for the period attributable to the owners of Cosmo Metals Limited		(1,096,648)
Loss per share		
Basic and diluted loss per share (cents)	15	(3.59)

The accompanying notes form part of this interim financial report.

For personal use only

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022**



		30 June 2022
	Notes	\$
ASSETS		
Current assets		
Cash and cash equivalents	4	3,058,757
Trade and other receivables	5	103,454
Total current assets		3,162,211
Non-current assets		
Plant and equipment	6	69,693
Exploration and evaluation expenditure	7	5,963,499
Total non-current assets		6,033,192
Total assets		9,195,403
LIABILITIES		
Current liabilities		
Trade and other payables	8	116,280
Provisions	9	5,579
Total current liabilities		121,859
Total liabilities		121,859
Net assets		9,073,544
EQUITY		
Issued capital	10	9,197,642
Reserves	12	972,550
Accumulated losses		(1,096,648)
Total equity		9,073,544

The accompanying notes form part of this financial report.

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 26 AUGUST 2021 TO 30 JUNE 2022**

	Issued Capital \$	Share based payment reserve \$	Accumulated Losses \$	Total \$
Balance at incorporation 26 August 2021	1	-	-	1
Total Income and expenses for the period	-	-	(1,096,648)	(1,096,648)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	(1,096,648)	(1,096,648)
Transactions with owners in their capacity as owners				
Share Issue	10,102,000	-	-	10,102,000
Share Issue Costs	(904,359)	-	-	(904,359)
Share based payments	-	972,550	-	972,550
Balance at 30 June 2022	9,197,642	972,550	(1,096,648)	9,073,544

The accompanying notes form part of this financial report.

**STATEMENT OF CASH FLOWS
FOR THE PERIOD 26 AUGUST 2021 TO 30 JUNE 2022**

	Notes	For the period 26 August 2021 to 30 June 2022 \$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)		(587,467)
Interest received		1,874
Net cash outflow from operating activities	4	(585,593)
Cash flows from investing activities		
Payments for property, plant and equipment		(118,684)
Payments for exploration and evaluation		(931,151)
Net cash outflow from investing activities		(1,049,835)
Cash flows from financing activities		
Proceeds from issue of shares		5,102,000
Capital raising costs		(407,815)
Proceeds from loan (Great Boulder Resources Ltd)		329,786
Repayment of loan (Great Boulder Resources Ltd)		(329,786)
Net cash inflow from financing activities		4,694,185
Net increase in cash held		3,058,757
Cash at the beginning of the financial period		-
Cash at the end of the financial period	4	3,058,757

The accompanying notes form part of this financial report.

For personal use only

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New and Revised Accounting Standards and Interpretations

The Company has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these new and revised Accounting Standards and Interpretations has not resulted in a significant or material change to the Company's accounting policies. Any new, revised or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the Company.

Basis of Preparation

The financial report is a general purpose financial report that have been prepared for the period 26 August 2021 to 30 June 2022 in accordance with *Corporations Act 2001*, Australian Accounting Standards, Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Company was incorporated on 26 August 2021 and is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Reporting Basis and Conventions

The financial report has been prepared on an accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. Cost is based on the fair values of the consideration given in exchange for assets.

All amounts are presented in Australian dollars, unless otherwise indicated.

Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Exploration and evaluation expenditure

Exploration and evaluation costs have been capitalised on the basis that the Company will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Share based payment transactions

The Company measures the cost of equity-settled transactions with suppliers and employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using an appropriate fair value pricing model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

For personal use only

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 26 AUGUST 2021 TO 30 JUNE 2022 (continued)



In the opinion of the Directors, there have been no other significant estimates or judgements used in the preparation of this financial report.

Comparative figures

There were no comparatives as the Company was incorporated on 26 August 2021.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Parent Entities

The Company is controlled by Great Boulder Resources Limited who is the ultimate parent entity and holds 49.5% of the issued ordinary shares of the Company.

Exploration and evaluation

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Investments and other financial assets

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Office equipment	3 years
Property, plant and equipment	3-8 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Provisions

Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of a past event, it is probable the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Other income

Interest revenue is recognised as it accrues using the effective interest rate method. Other revenue is recognised when it is received or when the right to receive payment is established.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

For personal use only

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Equity-settled share-based compensation benefits are provided to employees.

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using an appropriate valuation model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next reporting period but may impact profit or loss and equity.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately unless the award is forfeited. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Cosmo Metals Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the period, adjusted for bonus elements in ordinary shares issued during the period.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

For personal use only

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 26 AUGUST 2021 TO 30 JUNE 2022 (continued)**



2. Expenses

	2022
	\$
<i>Depreciation</i>	
Plant and equipment	2,961
<i>Superannuation expense</i>	
Defined contribution superannuation expense	24,214
<i>Share-based payments expense</i>	
Directors	486,000

3. Income Tax Expense

	2022
	\$
<i>a) Reconciliation of income tax expense prima facie tax payable</i>	
Loss before income tax	(1,096,648)
Prima facie income tax at 30%	(328,994)
Tax effect amounts which are not deductible in calculating taxable income:	
Share-based payments	145,000
Tax loss not recognised	183,194
Income tax expense	-
<i>b) Tax losses</i>	
Unused tax losses for which no deferred tax asset has been recognised	610,648
Potential tax benefit at 30%	183,194

c) The directors estimate that the potential deferred tax asset at 30 June 2022 in respect of tax losses not brought to account is \$610,648.

The benefit for tax losses will only be obtained if:

- i. the Company derives income, sufficient to absorb tax losses; and
- ii. there is no change to legislation to adversely affect the Company in realising the benefit from the deduction of losses.

For personal use only

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 26 AUGUST 2021 TO 30 JUNE 2022 (continued)**



4. Cash and Cash Equivalents

	2022
	\$
<i>Cash and cash equivalents in the statement of financial position and statement of cash flows</i>	
Cash at bank and on hand	3,058,757
	3,058,757
<i>Reconciliation of profit after income tax to the net cash flow from operating activities</i>	
Loss after income tax	(1,096,648)
<i>Adjustments for:</i>	
Depreciation	2,961
Non-capital exploration expenditure	3,320
<i>Changes in net assets and liabilities:</i>	
Receivables	(89,845)
Payables	594,619
Net cash inflows from operating activities	(585,593)

5. Trade and Other Receivables

	2022
	\$
GST receivable	62,942
Prepayments	40,511
Other	1
	103,454

For personal use only

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 26 AUGUST 2021 TO 30 JUNE 2022 (continued)**



6. Plant and Equipment

	Plant & Equipment \$	Office Equipment \$	Total \$
At 30 June 2022			
Cost	62,970	9,684	72,654
Accumulated depreciation	(1,345)	(1,616)	(2,961)
Net carrying amount	61,625	8,068	69,693

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial period is set out below:

	Plant & Equipment \$	Office Equipment \$	Total \$
<i>Net carrying amount at 26 August 2021</i>	-	-	-
Additions	62,970	9,684	72,654
Depreciation expense	(1,345)	(1,616)	(2,961)
Net carrying amount at 30 June 2022	61,625	8,068	69,693

7. Exploration and Evaluation

	2022 \$
Exploration and evaluation – at cost	5,693,499

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial period is set out below:

	2022 \$
Opening balance	-
Acquisitions during the period	5,000,000
Expenditure incurred during the period	963,499
Closing balance	5,963,499

During the period, the Company entered into an agreement to acquire the Yamarna Project Assets from Great Boulder Resources Limited (ASX:GBR), the original parent company of Cosmo Metals. As consideration for these projects, Great Boulder Resources Limited received 25,000,000 fully paid ordinary shares in the Company at a deemed issue price of \$0.20.

8. Trade and Other Payables

	2022 \$
Trade payables	31,673
Accrued expenses	24,285
Other creditors	60,322
	116,280

For personal use only

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 26 AUGUST 2021 TO 30 JUNE 2022 (continued)**



9. Provisions

	2022
	\$
<i>Current</i>	
Annual leave payable	5,579
Balance at 30 June	5,579

10. Issued Capital

	2022
	\$
Ordinary shares – issued and fully paid	9,197,642

	No. of shares	Issue Price	\$
<i>Movement in ordinary shares on issue</i>			
Share issued on incorporation of the Company – 26 August 2021	1	1.00	1
Shares issued as consideration for the Yamama projects (refer to note 7)	25,000,000	0.20	5,000,000
Shares issued under the Initial Public Offer Prospectus - 31 January 2022 (a)	25,510,000	0.20	5,102,000
Transactions costs	-	-	(904,359)
	50,510,001		9,197,642

(a) Refer to Cosmo Metals Limited Prospectus dated 22 November 2021

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital management

The objectives of management when managing capital is to safeguard the Company's ability to continue as a going concern, so that the Company may continue to provide returns for shareholders and benefits for other stakeholders.

For personal use only

10. Issued Capital (continued)

Due to the nature of the Company's activities, being mineral exploration, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Company's capital risk management is the current working capital position against the requirements of the Company to meet exploration programmes and corporate overheads. The Company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements with a view of initiating appropriate capital raisings as required. The working capital position of the Company at 30 June 2022 is as follows:

	2022
	\$
Cash and cash equivalents	3,058,757
Trade and other receivables	103,454
Other current assets	-
Trade and other payables	(116,280)
Provisions	(5,579)
Working capital position	3,040,352

11. Share Based Payment Transactions

On 31 January 2022, 425,000 shares were issued to key management personnel at an issue price of \$0.20 per share and a total transactional value of \$85,000.

An employee incentive option plan has been adopted by the Company and reported in the Prospectus dated 22 November 2021, whereby the Company may, at the discretion of the Board, grant options over ordinary shares in the company to executives and employees of the Company. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Board.

	2022
	\$
Options – recognised as a Share-based Payment Expense	486,000
Options – recognised in Equity (share issue costs)	486,550
	972,550

Summary of Options Granted

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, share options issued under the Employee Option Plan during the period:

	2022	
	Number	WAEP
At beginning of reporting period	-	-
Granted during the period:		
- Employees and service providers	10,000,000	\$0.250
Balance at the end of the reporting period	10,000,000	\$0.250
Exercisable at end of reporting period	10,000,000	\$0.250

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 26 AUGUST 2021 TO 30 JUNE 2022 (continued)**



11. Share Based Payment Transactions (continued)

	2022
Weighted average remaining contractual life	2.5 years
Range of exercise prices	\$0.25
Weighted average fair value of entitlement offer options granted during the period	\$0.097
Weighted average fair value of employee and service providers' options granted during the period	\$0.097
Weighted average fair value of directors' options granted during the period	\$0.097

Option Pricing Model

For the options issued during the current period, a Binomial Lattice ESO option pricing model was used with the valuation model inputs used to determine the fair value at the grant date as follows:

Grant date	Vesting date	Expiry date	Share price at grant date \$	Exercise price \$	Expected volatility %	Dividend yield %	Risk-free interest rate %	Number of Options	Fair Value at grant date \$	Total Value \$
12/11/2021	Nil	12/11/2024	0.20	0.25	100	-	1.02	5,000,000	0.0972	486,000
31/01/2022	Nil	31/01/2025	0.20	0.25	100	-	1.21	5,000,000	0.0973	486,500

All options vested upon issue.

12. Reserves

	Number	\$
<i>Share-based payments reserve consists of:</i>		
Share options	10,000,000	972,550
	10,000,000	972,550
Balance at 26 August 2021	-	-
Options issued	10,000,000	972,500
Subscription monies received for issue of options	-	50
Balance at 30 June 2022	10,000,000	972,550

13. Related Parties

Key Management Personnel Compensation

The key management personnel compensation included in employee benefits expense and share-based payments (note 11) is as follows:

	2022
	\$
Short-term employee benefits	224,403
Share-base payments	486,000
Post-employment benefits	22,342
Total compensation	732,745

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 26 AUGUST 2021 TO 30 JUNE 2022 (continued)**



13. Related Parties (continued)

Parent Entities

Cosmo Metals Limited is controlled by the following entity:

Name	Type	Place of Incorporation	Ownership 2022
Great Boulder Resources Limited	Ultimate parent entity	Australia	49.5%

Controlled Entities

Cosmo Metals Limited is a sole entity and thus, does not have controlled entities.

Transactions with Related Entities

On 3 September 2021, the Company entered into an Agreement with Consilium Corporate Pty Ltd for the provision of CFO and Corporate Secretarial Services. Prior to that, Melanie Ross was appointed as a director to the Company on incorporation, 26 August 2021, and subsequently resigned on 10 November 2021. Ms Ross is a director of Consilium Corporate Pty Ltd. During the period Ms Ross was appointed as a director, Consilium Corporate Pty Ltd invoiced the Company \$4,020 for CFO and Corporate Secretarial Fees.

All transactions were made on normal commercial terms and conditions, and at market rates.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

14. Commitments for Expenditure

Exploration and Evaluation

The Company is required to maintain current rights of tenure to tenements, which require outlays of expenditure in future financial periods. Under certain circumstances, these commitments are subject to the possibility of adjustment to the amount and/or timing of such obligations, however they are expected to be fulfilled in the normal course of operations.

The Company has tenement expenditure commitments payable of:

	2022 \$
Not later than 12 months	539,040
Between 12 months and 5 years	2,156,160
Total	2,695,200

15. Loss per Share

	2022 \$
Loss after income tax	(1,096,648)
	Number of shares
Weighted average number of ordinary shares used in calculating basic loss per share	30,506,473
Basic and diluted loss per share (cents)	(3.59)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 26 AUGUST 2021 TO 30 JUNE 2022 (continued)**



16. Auditors' Remuneration

During the financial period the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the Company.

	2022
	\$
<i>RSM Australia Partners</i>	
Auditing and reviewing the financial report	22,500
Other services	12,000
Total	34,500

17. Events After the Reporting Date

On 15 September 2022, 500,000 options with an exercise price of \$0.25 and an expiry date of 15/09/2025 were issued to an employee of the Company as part of the Company's Equity Incentive Plan.

Apart from the matters discussed above, no other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

18. Contingent Assets and Liabilities

Contingent assets

The Company had no contingent assets as at 30 June 2022.

Contingent liabilities

The Company had no contingent liabilities as at 30 June 2022.

19. Operating Segments

The Company is organised into one operating segment based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Company operates as a single segment which is mineral exploration and in a single geographical location which is Australia.

20. Financial Instruments

Financial risk management objectives

The Company's principal financial instruments comprise cash and short-term deposits. The Company has various other financial assets and liabilities such as other receivables and payables, which arise directly from its operations.

The Company's activities expose it to a variety of financial risks, including, credit risk, liquidity risk, foreign exchange risk and cash flow interest rate risk. The Company is not exposed to price risk.

Risk management is carried out by the Board of Directors, who evaluate and agree upon risk management and objectives.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

For personal use only

20. Financial Instruments (continued)

Interest rate risks

The Company's exposure to market interest rates relates to cash deposits held at variable rates. The Board regularly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions.

Sensitivity analysis

The Company has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest rate sensitivity analysis

At 30 June 2022, the Company is not exposed to any loss as a result of changes in the interest rate.

Credit risk

The Company does not have significant concentrations of credit risk. Credit risk is managed by the Board of Directors and arises from cash and cash equivalents as well as credit exposure including outstanding receivables.

All cash balances are held in Australia.

The maximum exposure to credit risk at reporting date is the carrying amount of the financial assets disclosed within the financial report.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about default rates.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash balances and access to equity funding.

The Company's exposure to the risk of changes in the market interest rates relate primarily to cash assets.

The Directors monitor the cash-burn rate of the Company on an on-going basis against budget and the maturity profiles of financial assets and liabilities to manage its liquidity risk.

The financial liabilities the Company had a reporting date were other payables incurred in the normal course of the business. These were non-interest bearing and were due within the normal 30-60 days terms of creditor payments.

Maturity analysis for financial liabilities

The following table details the Company's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
2022	%	\$	\$	\$	\$	\$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade and other payables	-	116,280	-	-	-	116,280
Total non-derivatives		116,280	-	-	-	116,280

Foreign exchange risk

The Company is not exposed to any foreign exchange risk.

For personal use only

20. Financial Instruments (continued)

Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Company at the reporting date are recorded at amounts approximating their carrying amount.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

20. Dividends

The Company has not declared nor paid a dividend for the period.

For personal use only

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the financial period 26 August 2021 to 30 June 2022; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read "James Merrillees".

James Merrillees
Managing Director

Date: 23 September 2022
Perth

For personal use only



RSM Australia Partners

Level 32 Exchange Tower, 2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 92619100

F +61 (0) 8 92619111

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Cosmo Metals Limited for the period 26 August 2021 to 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM
RSM AUSTRALIA PARTNERS


ALASDAIR WHYTE
Partner

Perth, WA
Dated: 23 September 2022

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

For personal use only

RSM Australia Partners

Level 32 Exchange Tower, 2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 92619100
F +61 (0) 8 92619111

www.rsm.com.au

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
COSMO METALS LIMITED**

Opinion

We have audited the financial report of Cosmo Metals Limited (the Company), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2022 and of its financial performance for the period 26 August 2021 to 30 June 2022; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

For personal use only

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
<p>Acquisition of exploration and evaluation expenditure</p> <p>Refer to Notes 7 and 10 in the financial statements</p>	
<p>On 18 November 2021, the Company entered into a Tenement Purchase Agreement with Great Boulder Resources Limited in relation to Yamarna Project Assets. The Company issued 25,000,000 fully paid ordinary shares at a deemed issue price of \$0.20 per share.</p> <p>We determined this to be a key audit matter due to the significant management judgments involved in assessing the carrying value of the assets including:</p> <ul style="list-style-type: none"> • Determining whether the exploration and evaluation expenditure can be associated with finding specific mineral resources, and the basis on which that expenditure is allocated to an area of interest; • Assessing whether any indicators of impairment are present; and • Assessing whether exploration activities have reached a stage at which the existence of an economically recoverable reserves may be concluded. 	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Assessing the Company accounting policy in compliance with Accounting Standards; • Reading the acquisition agreements to understand the transaction, acquisition date and the related accounting considerations; • Assessing management's determination of the fair value of the consideration paid, including the valuation of ordinary shares issued; • Obtaining evidence that the Company has valid rights to explore in the specific area; • Assessing and evaluating management's assessment that no indicators of impairment existed for those tenements where the Company has current rights of tenure; and • Assessing the appropriateness of the relevant disclosures in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the period 26 August 2021 to 30 June 2022 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

For personal use only

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the period 26 August 2021 to 30 June 2022.

In our opinion, the Remuneration Report of Cosmo Metals Limited, for the period 26 August 2021 to 30 June 2022, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM
RSM AUSTRALIA PARTNERS

A Whyte
ALASDAIR WHYTE
Partner

Perth, WA
Dated: 23 September 2022

For personal use only

ASX ADDITIONAL SHAREHOLDER INFORMATION

SHAREHOLDING

The distribution of members and their holdings of equity securities in the Company is:

Number Held as at 19 September 2022	Number of Holders	Fully Paid Ordinary Shares	%
1 – 1,000	9	1,911	0.00%
1,001 – 5,000	32	105,709	0.21%
5,001 – 10,000	90	868,624	1.72%
10,001 – 100,000	168	7,419,845	14.69%
100,001 & Over	55	42,113,912	83.38%
Total	354	50,510,001	100.00%

The number of holders with less than a marketable parcel of fully paid ordinary shares is 29 holding a total of 55,440 shares.

TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest ordinary fully paid shareholders at 19 September 2022:

Name	Number of Fully Paid Ordinary Shares Held	% Held of Issued Ordinary Capital
GREAT BOULDER RESOURCES LTD ¹	25,000,001	49.5%
MR RICHARD THOMAS HAYWARD DALY & MRS SARAH KAY DALY	1,500,000	2.97%
REIZOS EXECUTIVE PTY LTD	1,000,000	1.98%
MR SALVATORE DI VINCENZO	750,000	1.48%
WESTPARK OPERATIONS PTY LTD	750,000	1.48%
MISS RUTH AMANDA STROPPIANA	700,000	1.39%
ATLANTIS MG PTY LTD	700,000	1.39%
MR DANIEL BERNARD CLOUGH	500,000	0.99%
MAGEDO SUPER PTY LTD	500,000	0.99%
SHAYDEN NOMINEES PTY LTD	500,000	0.99%
GEMELLI NOMINEES PTY LTD	450,000	0.89%
RHYD-Y-FELIN PTY LTD	440,000	0.87%
MAKOOL PTY LTD	400,000	0.79%
MR NATHAN LAWRENCE CAMMERMAN & MR JAMES EDWARD DILLON	350,010	0.69%
SAM GOULOPOULOS PTY LTD	350,000	0.69%
MRS HANH THI NGOC NGUYEN	338,220	0.67%
BNP PARIBAS NOMINEES PTY LTD	322,861	0.64%
ECLIPSE SMSF PTY LTD	300,000	0.59%
TREYVAUD NOMINEES PTY LTD	300,000	0.59%
GECKO RESOURCES PTY LTD	300,000	0.59%
HSBC CUSTODY NOMINEES	294,101	0.58%
MR LUCAS ROBINSON	275,000	0.54%
KOVI G INVESTMENTS PTY LTD	250,000	0.50%

ASX ADDITIONAL SHAREHOLDER INFORMATION

ELSANA PTY LTD	250,000	0.50%
MR BRADLEY KEITH MOIR	250,000	0.50%
MS MELANIE WARD	250,000	0.50%
BARAT PTY LTD	250,000	0.50%
RETZOS FAMILY PTY LTD	250,000	0.50%
MR CLIVE ALEXANDER LANDALE & MRS SUELLEN LANDALE	250,000	0.50%
KYPREOS FAMILY INVESTMENTS PTY LTD	250,000	0.50%
MR ZBIGNIEW WALDEMAR LUBIENIECKI	250,000	0.50%
MR MICHAEL KIPLING MAZALEVSKIS	237,000	0.47%
MR GARRY RICHARD COBB & MRS SUE-ELLEN COBB & MISS ALANA JAYNE COBB	216,000	0.43%
MR ALEX OSBORN & MRS VANESSA OSBORN	206,188	0.41%
MR NICHOLAS STUART BEATON DUNCAN	200,000	0.40%
PERVAN CAPITAL PTY LTD	200,000	0.40%
ASTUTE CONCEPTS PTY LTD	200,000	0.40%
CAPEL STREET PTY LTD	200,000	0.40%
MR RYAN GEORGE SNODGRASS	200,000	0.40%
MR WILLIAM DAVID SEGALL & MS RUTH ELEANOR AGNES BROWN	200,000	0.40%
SARWELL PTY LTD	200,000	0.40%
Total	40,329,381	79.85%

¹ Great Boulder Resources Limited is a substantial holder of Cosmo Metals Limited, holding 49.5% of total ordinary shares.

VOTING RIGHTS

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

UNLISTED OPTIONS

The unlisted options on issue at 19 September 2022:

Details of Holders	Number of Holders	Exercise Price	Expiry Date	Number of Options Held
Directors – issued pursuant to ESOP	4	\$0.25	12 November 2024	5,000,000
Lead managers of IPO	6	\$0.25	31 January 2025	5,000,000
Employee – issued pursuant to ESOP	1	\$0.25	15 September 2025	500,000

RESTRICTED EQUITY SECURITIES

The number of restricted equity securities on issued at 19 September 2022:

Security	Number of Holders	Number Held	Escrow Expiry Date
Fully paid ordinary shares	1	25,000,001	31 January 2024
Unlisted options	10	10,000,000	31 January 2024

FIRST ANNUAL REPORT AFTER ADMISSION

The Company confirms that the cash raised has been used consistently with its business objectives.

ASX ADDITIONAL SHAREHOLDER INFORMATION

TENEMENTS

Description	Tenement Number	Interest Owned %
Winchester	E38/2129	75.00
Yamarna	E38/2320	100.00
Yamarna	E38/2685	100.00
Yamarna	E38/2952	100.00
Yamarna	E38/2953	100.00
Yamarna	E38/2957	100.00
Yamarna	E38/2958	100.00
Winchester	E38/3340	100.00
Yamarna	E38/3640	100.00
Mulgabiddy	E38/3753	In Application
Mulgabiddy	E38/3754	In Application
Pingrup	E70/5955	100.00
Pingrup	E70/5956	100.00
Yamarna	P38/4178	100.00
Yamarna	P38/4540	100.00

For personal use only